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20 May 1959

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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

I. THE COMMUNIST BLOC

OK Laos: The flight of one of the two recalcitrant former Pathet Lao units on the morning of 19 May will probably lead to increased pressures for the reconvening of the International Control Commission for Laos, particularly if the government takes retaliatory steps against Communist leaders now under "house arrest." Peiping in a statement issued by its Ministry of Foreign Affairs has already asserted that Vientiane "must stop at once" the "persecution" of these units, calling the action tantamount to "launching a civil war." The statement will lend additional support to Hanoi's latest letter to the Indian chairman of the ICC in Indochina requesting a meeting of the ICC for Laos "at the earliest possible moment."

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II. ASIA-AFRICA

70 Tunisia: President Bourguiba told Ambassador Jones on 15 May that his increasing problems with the Algerian rebels had rendered the need for small arms "desperate and immediate." He estimated that up to 14,000 rebels may now be in Tunisia. Expressing dissatisfaction with the results of his efforts to buy arms from the US, Bourguiba said that he had instructed the defense secretary to "buy arms, whatever the cost, from wherever he can get them," including Czechoslovakia if necessary.

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OK Turkey-USSR: The Turkish economic coordinating committee has approved the purchase by the state-owned Sumerbank of about \$4,700,000 worth of textile and other industrial equipment from the USSR. The equipment is to be installed in four plants in south-central Turkey.

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III. THE WEST

IV. CONCLUSIONS OF SPECIAL USIB COMMITTEE ON BERLIN SITUATION

OK The USIB has taken note of the following conclusions reached by its special committee on the Berlin situation. The committee pointed out that its conclusions are to be used in context with SNIE 100-2-59 (24 February 1959) and with the review of that estimate in SNIE 100-2/1-59 (17 March 1959).

1. Soviet criticism of the Western proposals at Geneva has been relatively moderate in tone, in line with the current pose of reasonableness on East-West negotiations, but there is no indication of any modification of Soviet positions on Berlin and Germany.

2. So long as negotiations are in progress, or the Soviet Union estimates that the prospects for a summit meeting are good, it probably will not go so far as to turn over access controls to the GDR. However, the USSR may play up the possibility of such action at any stage in the negotiations should it consider greater pressure to be advantageous. The actual physical transfer of controls could be accomplished with little or no warning.

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DAILY BRIEF

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3. West Berlin industry has so far weathered the uncertainties created by the political situation during the past six months, and appears to be in a stronger position than at this time last year. However, there is still some concern over the city's future as reflected in the continued increase in outgoing shipments of household effects.

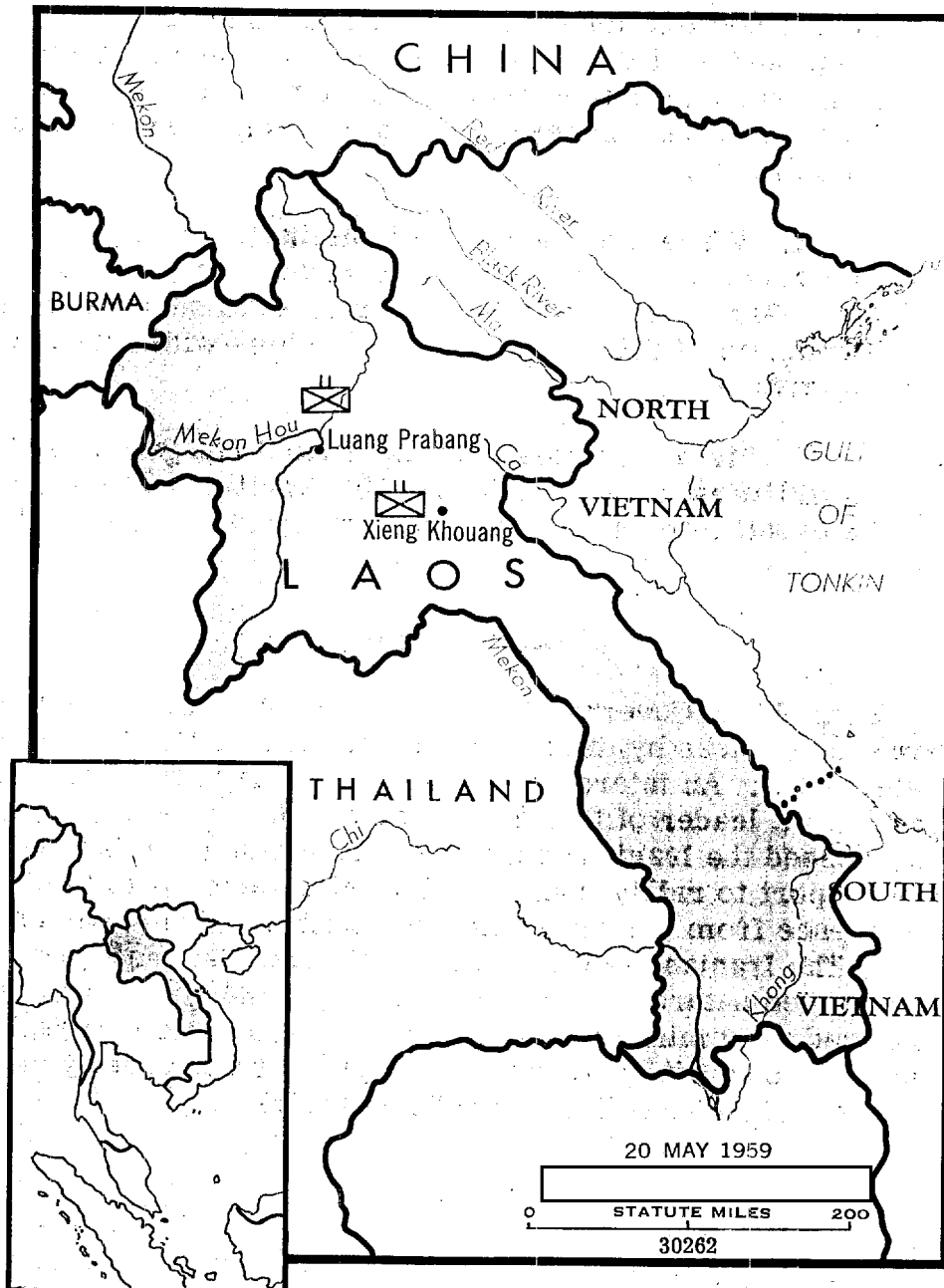
4. While there are no reliable indications of a bloc intent in the immediate future to deny Allied or West German access to West Berlin or to seal off West Berlin, the USSR could take such actions with little or no warning.

5. There have been no significant changes in Soviet capabilities to respond to possible Western actions in the event of turnover, harassment, or blockade.

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DAILY BRIEF

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I. THE COMMUNIST BLOC

Peiping Protests "Persecution" of Pathet Lao Units

The Chinese Communist Foreign Ministry's statement of 18 May on Laos demands that Vientiane "stop at once" its "persecution" of former Pathet Lao units which it describes as tantamount to "launching a civil war." Peiping's statement is intended to discourage Laotian punitive action against holdout Pathet Lao units and to support North Vietnam's latest letter to the Indian chairman of the International Control Commission (ICC) in Indochina requesting a meeting of the Laos commission "at the earliest possible moment."

Hanoi's letter cited the earlier arrest of Prince Souphannouvong, leader of the Communist-front Neo Lao Hak Zat party (NLHZ), and the "encirclement" of the two former Pathet Lao units by the Royal Laotian Army as "serious violations" of the 1954 Geneva agreements. The letter pointedly ignored, as did Peiping's statement, the fact that these incidents came about because the units refused integration into the Royal Army as formally agreed upon.

North Vietnamese comments have concentrated solely on demanding the return of the ICC and have not threatened any counteraction. Counteraction of a military nature would provide Vientiane with the opportunity to cite Communist violations of the Geneva accords.

The status of the two dissident battalions remains in doubt. Prince Souphannouvong, chief of the former Pathet Lao, on 17 May reportedly ordered both battalions to integrate. On 19 May, the unit stationed at Luang Prabang in northern Laos was reported integrated with the exception of about 26 men who had disappeared. However, the bulk of the dissident battalion in Xieng Khouang Province in central Laos escaped during the early morning hours of 19 May. (This unit had previously been reported planning retreat to the North Vietnamese border where it would presumably regroup under the protection of Communist North Vietnamese troops. Conflicting reports indicate that a number of men,

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(possibly 200, remained behind in order to integrate.)

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NLHZ and left opposition deputies will probably remain under house arrest until the situation calms. These leaders probably would have made an effort to evade arrest if the rebellion had been planned as a part of a return to full-scale armed dissidence.

The incidents will probably lead to intensified government surveillance over the NLHZ, and the NLHZ's pose as a patriotic and peace-loving party will probably lose some credibility. (The failure of the dissident battalion at Xieng Khouang to comply with Souphannouvong's alleged integration order suggests that the NLHZ leadership lost control over the unit.)

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II. ASIA-AFRICA

Bourguiba Cites Increasing Problems With Algerian Rebels In Reiterating Tunisian Arms Need

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(Tunisian President Bourguiba, in an interview with Ambassador Jones on 15 May, stated that his need for small arms and military vehicles had become "desperate and immediate" as a result of increasing problems with the Algerian rebels. Bourguiba said there now are 6,000 to 7,000 armed rebel soldiers in the vicinity of one western Tunisian town, and perhaps twice that many in the country as a whole. He commented on the poor discipline of the rebels--as have various sources--and complained about their unwillingness to respond to his and their own leaders' urgings to return to Algeria. He attributed this reluctance to the increasingly vigorous French military operations in eastern Algeria--which are themselves a source of concern to the Tunisians. In addition, Bourguiba complained of recent Algerian purchases of property in and around Tunis, and said this was apparently another attempt "to take us over.")

(Bourguiba then criticized the "slow and doubtful" US response to his efforts to buy American arms and stated that he had instructed Defense Secretary Ladgham to "buy arms, whatever the cost, from wherever he can," including Czechoslovakia if necessary. Bourguiba asserted that his army, which now numbers about 12,000 men, did not have enough vehicles, rifles, or machine guns to make a show of force.)

(Earlier Bourguiba was reported as opposed to indiscriminate, piecemeal purchases of military items. His apparent change of position is presumably the result of mounting pressures within the Tunisian Army, which was described late last month as avid for arms and ammunition from any source.)

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Turkey to Purchase Soviet Textile Equipment

Turkey's high-level economic coordination committee has approved the purchase of nearly \$5,000,000 worth of Soviet textile and other equipment for four plants in south-central Turkey, [REDACTED]

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Extensive negotiations between the Soviet trading company Technoexport and Turkey's government-owned Sumerbank were suspended following American Under Secretary of State Dillon's warning to Prime Minister Menderes in September 1958 that such contracts might place an unwarranted burden on the Turkish economic stabilization program. As late as March the coordination committee reportedly still viewed the Soviet proposal with a "jaundiced eye."

Despite the government's statements that it intends to observe the precepts of the stabilization program, Turkey's drive to industrialize the country as rapidly as possible makes similar agreements likely from time to time. The amount of money involved in this arrangement is relatively small, and it will probably not have any serious effect on the stabilization program, other than by example. [REDACTED]

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